

Message Text

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SUBJECT: GERMAN TECHNICAL EXHIBITIONS IN PEKING

REF: A) HONG KONG 11796 (NOTAL) B) FRANKFURT 6863

SUMMARY: THE GERMAN TECHNICAL EXHIBITION CLOSED IN PEKING AFTER A TWO WEEK RUN GENERALLY CONSIDERED SUCCESSFUL BY GERMAN GOVERNMENT OFFICIALS AND MOST OF THE 320 EXHIBITORS. OF THE 250,000 TOTAL PRC VISITOR ABOUT 50,000 WERE REPORTED TO HAVE BEEN HIGHLY COMPETENT TECHNICAL AND MANAGERIAL REPRESENTATIVES OF POTENTIAL END-USERS. MANY DISCUSSIONS TOOK PLACE AS TO FUTURE SALES POSSIBILITIES. ALTHOUGH IMMEDIATE SALES WERE NOT LARGE, THE GERMANS BELIEVE THAT THE EXHIBIT REINFORCED THE FAVORABLE CHINESE IMAGE OF GERMAN TECHNOLOGY, AND THAT THIS WILL CONTRIBUTE TO CONTINUED GROWTH IN GERMAN EXPORTS TO THE PRC. AFTER HOURS INSPECTION OF EXHIBITS, INCLUDING SOME DISASSEMBLY, WERE AN UNWELCOME SUPRISE. END SUMMARY.

1. THE GERMAN TECHNICAL EXHIBITION IN PEKING--CALLED
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TECHNO-GERMA FOR SHORT--CLOSED IN PEKING SEPTEMBER 18

AFTER A TWO WEEK RUN. BASED ON DATA AND VIEWS OBTAINED FROM THE GERMAN CONSULATE GENERAL HONG KONG ECONOMIC CONSUL, EXPERIENCED HONG KONG TRADERS, A GERMAN ECONOMIC NEWSPAPER CORRESPONDENT AND PRESS ACCOUNTS, OUT PRELIMINARY ASSESSMENT OF THIS IMPORTANT TRADE PROMOTION EVENT WOULD BE AS FOLLOWS.

2. TECHNO-GERMA, THE LARGEST FOREIGN EXHIBITION YET MOUNTED IN PEKING, IS CONSIDERED A SUCCESS BY GERMAN GOVERNMENT OFFICIALS AND MAY EXHIBITORS FOR SEVERAL REASONS. THEY ARE PLEASED THAT THE 320 INDIVIDUAL DISPLAYS WERE SEEN BY A RECORD CROWD OF 250,000 VISITORS.

3. OF THESE, ABOUT 50,000 WERE TECHNICAL AND MANAGERIAL END-USER PERSONNEL SENT BY FACTORIES AND UNIVERSITIES FROM AS FAR AWAY AS KANSU AND SZECHUAN PROVINCES, AND THE KARAMAI OIL FIELD WHO, THROUGH GOOD QUESTIONS, REVEALED GENERALLY HIGH CALIBRE. THE HIGH DEGREE OF CHINESE INTEREST IS INDICATED BY THE FLOOD OF 8,000 SELECTED TECHNICIANS WHO CAME WHEN GERMAN EXHIBITIONS AUTHORITIES GRANTED A SPECIAL REQUEST TO HAVE A "SNEAK PREVIEW" FOR "A FEW SPECIALISTS." MANY HIGHLY QUALIFIED TECHNICIANS ATTENDED 168 INDIVIDUAL TECHNICAL SYMPOSIUMS--ALL WELL RECEIVED AND SEVERAL REPEATED AT CHINESE REQUEST. MOST IMPORTANTLY IN MANY CASES POTENTIAL END-USERS HELD INTENSIVE DISCUSSIONS WITH GERMAN MARKETING MANAGERS AS TO FUTURE SALES POSSIBILITIES.

4. REALISTICALLY, GERMAN EXPECTATIONS FOR THE EXHIBITIONS' SUCCESS FOCUSED MORE ON DISCUSSIONS OF THIS TYPE, THAN ON EXTENSIVE ON-THE-SPOT SALES. REINFORCING THIS, GERMAN ECONOMIC MINISTER FRIDERICH CAUTIONED EXHIBITORS THAT THEY WERE SIMPLY "LAYING THE GROUNDWORK" FOR SINO-GERMAN TRADE IN THE 1980'S. THERE WERE SOME SMALL ORDERS AT THE EXHIBITIONS'S END INCLUDING A \$30 MILLION CONTRACT FOR 100 UNITS OF COAL MINING EQUIPMENT. ESTIMATES OF THE EXHIBITED EQUIPMENT SOLD RANGE FROM 20 TO 50 PERCENT, WITH 30 PERCENT THE MOST FREQUENTLY MENTIONED UNSOLD EQUIPMENT RECEIVED A FRG "FARI FUND" TRANSPORTATION SUBSIDY FOR SHIPMENT OUT OF CHINA BACK TO GERMANY OR FOR SALE IN LIMITED OFFICIAL USE

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OTHER ASIAN COUNTRIES. MUCH OF THE UNSOLD EQUIPMENT CONSISTED OF MACHINE TOOLS--SOME TOO SOPHISTICATED AND LABOR-SAVING FOR THE CHINESE MARKET. BY CONTRAST, THE HIGH PERCENTAGE OF INSTRUMENTS SOLD REFLECTED THE LEVEL OF CHINESE INTEREST IN THESE PRODUCTS.

5. SOME HONG KONG TRADERS WITH EXHIBITS IN TECHNO-GERMA, AND WITH COMPARATIVE EXPERIENCE OF OTHER INDUSTRIAL

EXHIBITIONS IN PEKING WERE A LITTLE LESS ENTHUSIASTIC OVER THE RESULTS. THE IT G T CHINA MARKET MANAGER REFERRING TO THE ITT LORENZE SUBSIDAIRY SAID THAT IT WAS "SUCCESSFUL AS EXHIBITIONS GO", IMPLYING MERELY THAT IT WAS NOT A FAILURE, AND AN EXECUTIVE FROM THE EAST ASIATIC COMPANY, AGENTS FOR BECKMAN INSTRUMENTS'S GERMAN SUBSIDIARY, ECHOED HIS SENTIMENT.

5. AN ETHNIC CHINESE HONG KONG TRADER, AGENT FOR SEVERAL GERMAN INSTRUMENTS FIRMS-AS WELL AS THE GERMAN CONSUL-- PLACE SOME STRESS ON CHINESE EFFORTS TO LEARN GERMAN MANUFACTURING SECRETS SO THAT THE CHINESE COULD TRY TO REPRODUCE THE GERMAN MACHINES IN MASS QUANTITY. AT NIGHT, CONSIDERABLE EXHIBITS, OCCASIONALLY CAUSING SOME DAMAGE. AFTER TACTFULLY WORDED BUT STRONGLY VOICED COMPLAINTS TO THE CHIESE ABOUT THE ALLEGED "CLUMSY CLEANING CREW", THE INCIDENTS STOPPED. THE GERMANS CONCLUDED, HOWEVER, THAT THE CHINESE ORGANIZERS WERE GENUINELY UNAWARE OF THE WORST EXCESSES, AND RESULTING DAMAGE, WHICH THEY BELIEVE WAS CAUSED BY OVER-ZELOUS INDIVIDUALS UNDER PRESSURE FROM THERI FACTORIES.

6. COMMENT: WHETHER TECHNO-GERMA WILL EVENTUALLY RESULT IN SUBSTANTIAL SALE OF THE PRODUCTS ON EXHIBIT--OR WHETHER THE CHINESE MIGHT BUY ONE OR TWO UNITS OF SOME OF THE MACHINERY AND THEN PRECEED TO MASS PRODUCE THEM, AS SOME TRADERS FEAR--IS UNCERTAIN. IT WOULD BE OUT BEST ESTIMATE, HOWEVER, THAT THE EXHIBIT REINFORCED THE ALREADY VERY HIGH CHINESE RESPECT FOR GERMAN TECHNOLOGY, AND THAT IT WILL RESULT IN A FUTHER STEADY RISE IN GERMAN EQUIPMENT SALES TO THE PRC, PARTICULARLY IF MEANS ARE FOUND(PERHAPS THROUGH SALE OF PRC RAW MATERIALS)TO KEEP THE PRC TRADE DEFICIT WITH GERMANY WITHIN REASONABLE LIMITED OFFICIAL USE

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